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ABSTRACT

This report offers the top 10 challenges identified by public schools and the ways that the Texas School Performance Review (TSPR) suggests that these issues be addressed. The TSPR ensures that scarce education resources are spent in the classroom. For a TSPR review, the TSPR team is invited in for months of detailed study, during which it asks for input from administrators, principals, teachers, students, parents, and community leaders. After 7 years of studying more than 24 school districts the TSPR team formulated the following recommendations: be fair with staffing and productivity standards; get rid of piles of paper through administrative automation; make administrators into facilitators through site-based management; make sure that a sound facilities-planning process is in place; let money perform its share of work through cash and investment management; foster an efficient purchasing department by buying what is needed, when it is needed, at the best price; have a vision, develop strategic planning for reaching it, and take steps to implement the plan; make sure that all fixed assets, such as building contents, be marked, counted, and tracked; adopt clearly written and legally valid policies governing the operation of a school; and find every available dollar in various education grants. (RJM)

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TSPR

TEXAS SCHOOL PERFORMANCE REVIEW

# Top 10 Ways To Improve Public Schools

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INNOVATIVE SOLUTIONS TO HELP ADDRESS THE ISSUES AND CHALLENGES FACING MOST PUBLIC SCHOOL DISTRICTS

JANUARY 1999

Carole Keeton Rylander, Texas Comptroller of Public Accounts

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TSPR

TEXAS SCHOOL PERFORMANCE REVIEW

# Top 10 Ways To Improve Public Schools

Since 1991, the Texas Comptroller's office has conducted a series of performance and management reviews of public school districts across the state. At the direction of the Texas Legislature, the *Texas School Performance Review* (TSPR) has tried to help public schools rise to an increasingly difficult challenge—to make sure their scarce education resources are spent in the classroom, where they belong, rather than on red tape, paperwork, and needless bureaucracy.

Seven years later, the TSPR team has studied more than two dozen school districts—large and small, rich and poor, urban and rural. They have proposed some 2,600 specific ways to hold the line on costs, reduce administrative overhead, streamline operations, and improve educational services—offering local taxpayers savings of more than $300 million thus far, while helping communities run their schools as efficiently and effectively as possible.

Along the way, some common themes have emerged. After all, though each school district is unique, many face similar challenges. And with nearly four million students on 6,650 campuses in nearly 1,050 public school districts across Texas, it would take TSPR half a century to study every school district in the state. That's why our goal is to review two percent of the state's public school population each year and share the results with other districts so that proposals made for one can help others improve their own operations.

In that spirit, this report presents the Top 10 issues identified by public school districts and the innovative solutions TSPR has recommended.

## How does a TSPR review work?

Not every public school district needs or wants a full-fledged performance review, and TSPR refuses to circumvent local control by going where it isn't wanted. In fact, TSPR has found that widespread support for a performance review is the best indicator of how effectively its recommendations will be implemented.

Only after being invited, therefore, will TSPR settle in for months of detailed study. Assisted by outside experts and at no charge to local taxpayers, the performance review team consults a wide range of administrators, principals, teachers, parents, students, community leaders, and business groups. Students are provided surveys to take home, newspapers are offered questionnaires to publish, concerned citizens are invited to attend public meetings, and all community members are encouraged to call a special 1-800-BEAT-WASTE hotline and to offer their best ideas.

The Comptroller's team looks at every major area of a school district's operations.

***After seven years, some common themes have emerged.***

including food services, transportation, safety and security, educational service delivery, district organization and management, computers and technology, facilities, personnel, community involvement, purchasing, and financial management.

TSPR's work isn't a financial audit in the traditional sense, nor is every recommendation designed to cut costs. In fact, some have no direct fiscal effect at all, while others call for reinvestments to attract greater public and private funding. All, however, promise improvements in student services and administrative efficiency.

## TSPR's Top 10 ways to improve public schools

By identifying recurring problems and suggesting solutions for improvement, TSPR has developed a Top 10 list of challenges facing most public school districts. Under each of the following issues are ways that some Texas schools have addressed those challenges and manage to hold the line on costs, reduce their administrative expenses, and make their operations more efficient and effective.

# 1 Be fair.

***TSPR found that widespread support for a performance review best indicates how effectively recommendations will be implemented.***

More than 85 percent of a district's budget is typically tied up in personnel costs, so it's no wonder that TSPR regularly looks at staffing and productivity standards to measure the efficiency of school employees across a district. Some examples of these ratios include:

- administrative and professional staffing ratios as shown by number of students per teacher and number of students per administrator.
- the allocation and productivity of support staff such as the number of custodians per square foot of space, and cafeteria meals served per labor hour.

In many cases, state laws and guidelines, industry standards, state and national organizations, and trade organizations publish and advocate the use of specific standards or ratios. While there are instances where strictly following formulas will not work, TSPR has found that staffing or productivity standards, supported by board policies, have the following benefits.

- Employees are more likely to be equitably distributed among all schools and locations, and staffing decisions are more likely to be based on demonstrated needs.
- School boards, superintendents, and administrators have fewer special requests, and when special requests are received, district officials have a staffing criteria on which to evaluate real needs.
- Budgeting is more consistent. For example, if student enrollment increases or decreases, or if facilities are expanded, corresponding staff needs increase or decrease according to the standards.
- Savings can be achieved by monitoring the standards and establishing goals. Productivity standards allow for the impartial measurement of performance for workers, classes of workers, and individual schools. TSPR has found that setting goals for improvement and focusing attention on performance typically results in marked improvement.
- School district's faced with financial change can make equitable budget cuts by adjusting the ratios. Much debate over funding priorities can be eased by using accepted formulas and ratios for staffing.

# 2 Get rid of the piles of paper.

Although technology is a major issue for school districts, much of the emphasis centers on instructional technology while the most basic administrative applications are left to paper, pen, pencil, and antiquated typewriters. Even in the most sophisticated districts, decisions to spend money on administrative technology draw opposition from individuals claiming that the children must come first. TSPR has found, however, that the failure to invest in technology at the administrative level stunts instructional programs by diverting vital resources to labor-intensive manual processes. Too little thought is sometimes given to the fact that an investment in technology should repay itself in a matter of years, reducing overlapping or duplicated tasks, and increasing productivity.

TSPR recommends that districts fully automate and integrate administrative functions and look for ways to eliminate as much paper shuffling and labor hours from the process as possible.

Examples of using administrative automation successfully curb administrative costs include:

- automated payroll processing and an integrated payroll, attendance, benefits and accounting system that eliminates redundant data entries;
- automated and integrated accounting and purchasing systems;
- automated school bus routing systems;
- food service systems that track student meal participation and payment, menu planning, labor hours, and nutritional information; and
- on-line communication systems and internet access for campuses and administrators.

The most successful districts report that any decision on administrative automation must begin with a clear and comprehensive cost-benefit analysis, and the school board should include an element of accountability for achieving those benefits in the process. If the analysis fails to show that a system will pay for itself in a relatively short time—say, three to five years—the system may simply be automation for the sake of automation and not cost effective. If the administration is not held accountable for achieving planned results, the district will lose twice: once from the purchase of the system and then again from falling short of promised productivity gains.

***An investment in technology should repay itself in a matter of years, reducing overlapping or duplicated tasks and increasing productivity.***

# 3 Make administrators into facilitators.

In 1990, Texas state lawmakers passed legislation taking the first formal step toward site-based decision-making by requiring districts to develop and implement a plan no later than September 1992.

In its reviews, TSPR has found no district without a site-based decision-making plan, but few districts that have fully grasped or implemented the concept.

Under site-based decision-making a district's central office should:

- serve as a service provider or facilitator;
- decentralize central operations so that time, energy, and financial resources are targeted at the school level and specifically at student needs;
- reduce levels of management in the district's organization;



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- establish two-way communications avenues that work vertically and horizontally throughout the school district; and
- allow for decision making at the campus level.

While this seems logical and appropriate, many districts have not shifted the roles of central office personnel from managers to service providers and facilitators.

TSPR found that successful school districts have begun by revising the job descriptions of central office administrators to reflect a service orientation. In addition, successful district administrators have begun spending as much as half their time in the schools. Districts that have placed central administrators more routinely in schools report this to be one of the single most beneficial recommendations made in TSPR reports.

# 4 Plan before you build.

***Effective management of a school district's facilities requires that it have in place a sound facilities planning process.***

Facilities represent the single most costly financial investment for most school districts. Planning for these investments, however, is often inadequate—and, in some cases, nonexistent. Good facility master planning can maximize the invested dollars, hold spending to critical needs, and in rare cases avert the need for capital spending.

TSPR has found that failed bond elections are often blamed on external factors such as economic down turns and voter apathy, when in truth, a district may have simply failed to do its homework. With input from teachers, principals, taxpayers, and community leaders, districts should determine their true needs, plan for addressing those needs, and then communicate those needs effectively to the community.

Effective management of a school district's facilities requires that it have in place a sound facilities planning process, including:

- an appropriate staff organization to coordinate and control the planning process;
- reliable estimates of future enrollments;
- up-to-date listings of facility repair and renovation needs;
- up-to-date inventories of existing space by type of space;
- a well documented program delivery plan for the district as a whole and for each school;
- established facility use rate and amount of space guidelines;
- comparisons of future space needs with current inventories by type of space;
- an annual plan and operating budget for addressing recurring maintenance needs such as roof and equipment replacements; and
- specific long-range improvement plans for each campus and the district as a whole.

In addition to planning, construction management is also critical. Fraud, poor workmanship, poor quality components, and general cost overruns can be avoided or reduced by having an appointed or specially hired employee of the district monitoring daily construction progress and regularly reporting back to the board.

Good facilities management as described above is an integral part of a well-run school district's operations, allowing short- and long-term goals to be set and sound budgetary decisions to be made.

# 5 Let your money work for you.

Cash and investment management involves the systematic coordination of cash-flow forecasting, cash-flow management, investment of surplus cash, and sound banking and investment relationships. Many districts perform only limited long-range cash-flow forecasting. Annual forecasting helps to tell a district that it needs to borrow or invest large amounts of money over the school year, but it does not address the daily ebb and flow of money through the district. Considering that even the state's smallest districts have annual cash-flows of millions of dollars, interest earnings on excess cash can make the difference in whether an extra teacher is hired, teacher pay raises are given, or classroom computers are purchased.

TSPR has found that:

- the simple overnight investment of excess cash, through the use of zero-balance account features, can significantly increase a district's interest revenues;
- placing long-term cash in investment pools or U.S. securities, rather than in local interest bearing accounts or certificates of deposits, can in some cases increase the investment yield by as much as two to three percent; and
- a cash-flow forecasting model that allows a district to determine its daily and monthly cash requirements makes it possible for districts to develop investment strategies for investing excess cash overnight and on a long-term basis in secure, high-yield investment instruments, or make appropriate short-term loans only when absolutely needed.

***Interest earnings can make the difference in whether an extra teacher is hired, teacher pay raises are given, or classroom computers purchased.***

# 6 Buy what you need, when you need it, at the best price you can get.

An efficient purchasing department should have management processes in place to ensure that supplies, equipment, and services are purchased from the right source, in the right quantity, and at the lowest price—all in accordance with national, state, and local purchasing guidelines.

The most common complaint heard by TSPR during its reviews involves the public perception of misconduct in a school district's purchasing processes, including allegations of nepotism, favoritism, excessive costs and cost overruns, and circumvented policies. Many of these allegations are unfounded; they are simply perceptions that result from a district's failure to clearly define and communicate its procedures and the state's guidelines to vendors and the general public.

Successful purchasing practices include:

- a set of purchasing policies adopted by the board that follow applicable laws and guidelines;
- administrative procedures for implementing policies that reflect step-by-step purchasing guidelines for central office staff and school administrators; and
- policies and procedures clearly communicated to potential vendors and the general public, and followed without deviation.

In addition, the purchasing processes within many districts don't serve customers

well. Teachers and administrators complain that they can't get supplies in a timely manner, that purchasing paperwork and bureaucracy take too much of their time, and that students are hurt by delays in getting needed goods or services.

To address the needs of the customers, TSPR has found that successful school districts have:

- re-engineered their purchasing processes to make them as streamlined as possible;
- automated the requisitioning, purchase order, and receiving processes to the fullest extent possible;
- eliminated all but the most critical approval signatures needed to maintain an adequate level of control;
- instituted blanket purchase orders and catalog purchasing where appropriate;
- eliminated or significantly reduced the number of "emergency" purchase orders by redefining them to truly mean emergency, rather than simply that someone forgot or wanted to circumvent the system; and
- made use of a controlled credit or debit card system for spot purchases.

## 7 Have a vision; plan how to get there; live it.

***Understanding the link between the quality of education and all the other support activities of a district is paramount to achieving significant improvements.***

Strategic planning enables a district to define its goals and objectives, establish priorities, and determine specific implementation strategies. The process begins as a school district assesses its strengths and weaknesses, both in the instructional and support areas. From broad goals, very specific strategies for achieving them are developed. One of the most critical strategies involves the allocation of resources to make those goals happen. Priorities are set, meaning that some goals will be targeted immediately, while others will be deferred until additional money or resources become available.

While most districts engage in some sort of planning, few have gone past the creation of district or campus improvement plans, which typically focus on instructional issues, not on the district as a whole. In most districts, the annual budget process and the district and campus improvement plan processes don't occur at the same time. Consequently, the plans are not directly linked to the resource allocation process, resulting in unfunded plans and budgets that fail to fulfill the district's goals.

Seldom do instructional and support goals and objectives have any link. Understanding the link between the quality of education and transportation, food service, and school security, as well as purchasing, financial management, and all the other support activities of a district is paramount to achieving significant improvements.

Districts that make the best use of their resources and achieve high student performance rates generally practice some form of strategic planning that looks at all district operations, links support functions to the achievement of instructional goals, and has a direct link to the annual planning and budgeting process.

Effective strategic planning includes:

- knowing your customers and understanding their priorities through surveys or focus groups of students, parents, teachers, administrators, and community leaders;
- direction and focus from the school board and a steering committee to set priorities or major goals;
- broad-based and diverse committees set up to address the established priorities and develop activity plans to address each priority;
- activity plans that contain measurable outcomes, dates, and assignments of responsibility for implementation;
- two-way communication between the

governing body and the committees during the plan development period;
- decisive governance that uses the recommendations of the committees to the greatest degree possible when approving the final plan;
- performance-based annual monitoring and adjusting of activity plans; and
- budgets requiring expenditures to be tied directly to the overall goals and priorities of the district.

# 8 Tag 'em; count 'em; track 'em.

Fixed assets include all properties, vehicles, equipment, and building contents. Accounting for these fixed assets involves tracking and reconciling additions and deletions to property in the inventory. The most important purposes for keeping and maintaining accurate accounting records of fixed assets are:

- Fixed asset records, properly kept, furnish taxpayers with information about their investments in the district, in contrast to expenditures for current operations;
- fixed asset records provide the basis for adequate insurance coverage;
- systematic physical inventories of fixed assets allow the district to survey the physical condition of its assets, and assess the need for repair, maintenance or replacement;
- periodic inventories establish a system of accountability for custody of individual items;
- for budgeting purposes, reliable information about fixed assets now owned can provide material assistance in determining future requirements; and
- periodic inventories identify lost or stolen items so that insurance claims can be filed, additional controls instituted, and accounting records adjusted to reflect the losses.

According to Texas Education Agency guidelines, purchases of $5,000 or more for equipment or furniture with a useful life of more than one year are considered expenditures for fixed assets. As such, they are capitalized instead of expensed by the district. There are, however, valuable items purchased by a district that cost less than $5,000, including computer components, desks, audio and visual equipment, and the like.

***All valuable items should be maintained on a control log and inventoried annually.***

The most successful districts report that items over $5,000 should be capitalized as fixed assets and made subject to external audit, but all valuable items should be maintained on a control log and inventoried annually. This means:

- tagging of all valued assets when they are received using a bar code system;
- using accounting codes to track capitalized fixed assets as well as expensed assets;
- inventorying all assets on an annual basis;
- using the annual inventory results to set insurance rates; and
- identifying inventory shrinkage and tightening controls when necessary.

# 9 Adopt policies and procedures — who knows who will be doing this job tomorrow.

***Effective school management is built on sound, clearly written, and legally valid policies, accessible to all school district employees and the public.***

Effective school management is built on sound, clearly written, and legally valid policies. The Texas State Board of Education mandates that each school board adopt policies governing the operation of its schools and make them accessible to all school district employees and the public.

Each district reviewed by TSPR thus far has had a policy manual, but in many cases, the manuals are not well maintained and maintain policies inconsistent with state laws, or that are past their useful life. It's not surprising to find confusion in districts over the "correct" way to do things.

From sound policies, detailed procedures show district employees how to carry out the policies in their various organizational units. Well-written and organized procedures:

- implement and assure compliance with board policies as well as documenting the intent of those policies;
- protect the institutional knowledge of an organization, so that as experienced employees leave, new employees have the benefit of their years of experience captured in the written procedures;
- provide the basis for training new employees; and
- offer a tool for evaluating employees based on their adherence to procedures.

TSPR regularly meets opposition from school district officials opposed to formally documenting procedures. The prevailing view is that policy and procedure are the same thing; why write a procedure if the policy clearly tells them what they need to do? When staff members are asked why things are done in a certain way, they often pull out aged memos from long-gone directors or superintendents as their support.

The concept of documenting daily activities in a step-by-step format seems foreign. Yet, in almost every school district reviewed, there are examples of key personnel abruptly leaving positions as a result of sudden illness, death, or other personal tragedies, and leaving the department in a state of chaos. Other examples abound of whole departments without trained back-ups for critical positions like payroll, and of poor training techniques showing new employees how to perform a task, but not why.

TSPR recommends that policy manuals be updated and kept current at all times. This means setting up a system for regular updates and distribution, as well as periodic reviews to ensure that all old policies are removed when no longer needed.

In addition, TSPR recommends that administrative procedures be formally documented, with each administrator held responsible for creating and maintaining understandable, cross-referenced procedures.

# 10 Find every dollar you can.

State funding and local taxes pay most of the costs of operating Texas school districts. Yet, other funding possibilities exist, including federal and state grants, federal reimbursement for the Shared Health and Related Services (SHARS) program, and matching or donated funds from businesses and civic groups. Many school districts fail to maximize these external funds and miss opportunities to supplement their financial resources while expanding student services.

While the subject of maximizing external funding sources is too broad to list all funding possibilities, one example of an underused funding source is the Shared Health and Related Services (SHARS) program. In September 1992, the Texas Medicaid program was amended to allow school districts to enroll as Medicaid providers and apply for Medicaid reimbursement for services they are already providing to children with disabilities. School districts need not spend new money, but instead can simply apply for reimbursement for specific services provided to Medicaid-certified children. Because this money is reimbursement for funds already spent, it is returned to the district and is available to offset future expenses, without restrictions.

Fewer than half the state's school districts take advantage of this virtually free money. When asked why they don't participate, district officials often explain that it would require them to hire someone to administer the program. But with participating school districts receiving between $10,000 and $1 million annually from this program, the hiring of a single individual or even part-time individual may be a worthwhile investment.

Another example of missed funds is the National School Lunch and Breakfast Programs. Many school districts realize that significant funds are available from the federal government to pay for free- or reduced-priced breakfasts and lunches for economically disadvantaged children. Increasing participation in these programs draws down more federal dollars, which can then be spent to serve more meals. But what some districts fail to realize is that identification of children for the free- or reduced-price meal program is the key indicator for Tier I and Tier II Compensatory Education money for children considered at-risk of failing.

In Texas, districts receive about $600 in additional funds for every child eligible for free- or reduced-price meals. Few districts, however, use all of the available tools to identify economically disadvantaged children. Some send home a form at the beginning of the school year and are content with whatever response they receive. Other avenues of identification in Texas include:

- family identification—identifying all of the children in a family as eligible for free and reduced-price meals through one application;
- using Texas Department of Human Service data on food stamp eligibility to automatically qualify students for the federal meal program;
- instituting automated point-of-sale systems in cafeterias to remove any stigma associated with participation in the program; all students enter a personal identification number into the system, whether they pay for lunches or receive them free; and
- simply advertising the program more effectively and doing more follow-up with families to encourage participation.

While every indicator shows that children perform better in school and have fewer discipline problems when they aren't hungry, the additional benefit to identifying eligible participants also has to do with drawing down more federal and state program dollars for educating those children most likely to fail.

***Fewer than half the state's school districts take advantage of external funding sources.***

## Texas School Performance Review: helping public school districts improve their own operations.

***TSPR found broad support and a willingness to use the recommendations to refocus efforts and address the challenges facing public schools.***

None of these Top 10 ideas is particularly revolutionary or earth-shattering, but education professionals across the nation are beginning to sit up and take notice. For example, Florida began a program patterned after the *Texas School Performance Review*, and the Comptroller has fielded calls from as far away as Australia from school districts searching for solutions to their own unique challenges.

In Texas, the response to TSPR has ranged from open arms enthusiasm to cautious wait-and-see attitudes. In one district, the superintendent and a majority of board members signaled their early support and ultimately went above and beyond TSPR's proposals, making improvements in areas not even suggested in the original report. In another district, TSPR was about as welcome as fire ants at a school picnic. Yet, even there, district officials eventually came to recognize the value of the work and achieved impressive results by implementing TSPR's recommendations.

Many have learned that a performance review of their district's operations can serve as a useful foil against the inevitable backlash of unpopular, if necessary, changes. Sometimes, only an impartial third party is truly able to touch upon certain "untouchable" topics. And in the end, TSPR has found broad support and a wealth of dedicated professionals willing to use the recommendations to refocus their efforts and address the challenges facing their schools.

If you would like more information on any aspect of the Texas School Performance Review please call 1-800-232-8927 or contact us via email at <beat-waste@cpa.state.tx.us>.

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